

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS  
COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY, CALIFORNIA  
AND RECORD OF ACTION**

June 22, 2004

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**FROM: JOHN E. NOWAK, Redevelopment Administrator**

**SUBJECT: FY 2004-05 COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY BUDGET**

**RECOMMENDATION:**

1. Approve and adopt the FY 2004-05 Final Budget for the Redevelopment Agency, including changes the Board may direct, if any, and authorization for adjustments based upon the final fund balance.
2. Authorize the Executive Director (Interim CAO, Mark Uffer) or his designee to individually control the filling of any new positions and purchasing of fixed assets.
3. Make the finding that the administrative costs utilizing housing set-aside funds are necessary and reasonable expenses related to Project Area housing activities.

**BACKGROUND INFORMATION:** On May 24-26, 2004, the Board of Supervisors held Budget Workshops during which the Proposed FY 2004-05 budget for the Redevelopment Agency was discussed. The Public Hearing was held on June 14, 2004, and was designed to discuss and implement any direction or changes the Board wishes to make to the Proposed Agency Budget.

The total Redevelopment Agency Budget is \$22,609,275 funded totally through tax increment revenues, tax increment bond proceeds, and interest on those funds. Tax increment revenue is generated in the San Sevaire Redevelopment Area (\$4,266,000), the Victor Valley Economic Development Area ("VVEDA") (\$75,000), the Mission Boulevard Joint Redevelopment Project Area (\$2,000), and the Cedar Glen Disaster Recovery Redevelopment Project Area (\$25,000). Pursuant to California Redevelopment Law ("CRL") 20% of all tax increment received from a project area must be set-aside for affordable housing activities. The balance of the appropriation is from interest and fund balances.

**EXECUTIVE DIRECTOR RECOMMENDATIONS**

The proposed Budget is divided into ten budget units. Five units reflect the Operating and Capital Project activities for the General and Housing activities in the San Sevaire Redevelopment Area. There are Operating and Housing funds for activities in both the VVEDA and the Cedar Glen Project Areas, and a Housing fund for the Mission Boulevard Project Area.

Included in the FY 2004-05 Proposed Budget is the addition of one full time ECD Analyst II position approved by the Board of Supervisors on May 18, 2004. Also included is the addition of two part time graduate student interns at a total of 1.5 full time equivalents (FTEs).

While not recorded in this budget, it is anticipated that there will be a tax allocation bond issued during FY 2004-05 at a total value under \$20 million, which will create additional debt service to the Agency. The budget will be amended at the time of sale to reflect the debt service payments and project expenditures.

Record of Action of the Board of Directors

The work program proposed for the Redevelopment Agency in FY 04-05 will be presented to the Board under a separate Agenda item for review and adoption. The activities include, but are not limited to:

1. Completion of Project Area amendment, Economic Plan, Implementation Plan, and Housing Implementation Plan for the San Sevaine Project Area.
2. Prepare a business assistance program.
3. Develop strategies to implement affordable housing needs.
4. Prepare development standards for the San Sevaine Project Area.
5. Develop economic strategy for VVEDA Project Area.
6. Implement affordable housing activities in VVEDA Project Area.
7. Complete establishment of Cedar Glen Project Area.
8. Identify and prioritize projects for redevelopment assistance in Cedar Glen Project Area.
9. Initiate additional redevelopment project area plans.
10. Audit existing pass through agreements.
11. Update administrative procedures for redevelopment activities.

#### **POTENTIAL STATE BUDGET IMPACT**

The Governor's May Revised Budget contained provisions for taking \$250 million statewide from redevelopment agencies in FY 04-05 (excluding the 20% housing set-aside). The estimated Education Revenue Augmentation Fund (ERAF) take from San Bernardino County's Redevelopment Agency is \$475,800. Although only \$275,000 is included in the budget, based on the January 2004 Governor's Budget, the remaining \$200,000 will be covered by higher than projected tax increment revenues. There will be no additional impact on the Agency budget, unless the ERAF take is increased or continued in future years.

#### **FINDING ON HOUSING ADMINISTRATIVE COSTS**

Section 33334.3(e) of the California Health and Safety Code specifies those administrative costs for which revenues from the Low and Moderate Income Housing Funds may be used. As proposed in the Budget the Housing Funds will be used for salaries, other direct and indirect County costs, and consultant services related to preparation of Housing Implementation Plans and affordable housing project development. These are eligible expenses under State Code and are reasonable and necessary to accomplish the programs contained in the Annual Work Program.

**REVIEW AND APPROVAL BY OTHERS:** This report has been reviewed by Deputy County Counsel Michelle D. Blakemore (387-5455) on May 27, 2004; and by the County Administrative Office, Patricia M. Cole, Administrative Analyst III (387-5346) on May 31, 2004.

**FINANCIAL IMPACT:** The entire Redevelopment Agency budget is funded through tax increment revenues, or revenues derived from tax increment. There is no impact on the County's General Fund.

**SUPERVISORIAL DISTRICT(S):** All

**PRESENTER:** John E. Nowak, Redevelopment Administrator, (909) 381-7983.